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Barring such scarcely vital defects, the book seems fitted to serve its purpose. It has the merit of putting things clearly, simply and in an interesting way. Portions of the history, especially those relating to the coinage agitation under the Confederation, are drawn in part from new and good manuscript sources, and the appendices contain a number of documents not easily accessible hitherto. To start anew traditions spun about the "dollar of our fathers" Mr. Watson skillfully reminds us that barely eight million such pieces were coined in the Mint's first eighty years.

NEW YORK.

R. M. BRECKENRIDGE.

Report on the Adoption of the Gold Standard in Japan. By
COUNT MATSUKATA MASAYOSHI, Minister of State for Finance.
Tokio, Government Printing Press, 1899. — xv, 389 pp.

This volume is much more than an account of the monetary reform of 1897, which gave Japan definitively a gold standard. It contains a history, in considerable detail, of the monetary and banking regulations of the empire from the beginning of modern Japan in 1868.

The coinage law of 1871, while not otherwise disturbing the position of the old silver *yen*, introduced the gold standard (the *yen* almost exactly equalling our gold dollar) and provided likewise for the coinage of a trade dollar, the silver *yen*, equal in size and quality to the Mexican dollar. The government was not, however, able to maintain the system. Large amounts of inconvertible paper money were issued to defray the expenses of the Revolutionary War, to replace the paper money issued by the feudal lords previous to the abolition of feudalism in 1871 and to pay the expenses of suppressing the rebellion of 1877. In 1873 a banking system was introduced, modelled upon the national bank system of the United States. The government intended that these bank notes should replace the government paper but was unable to bring about this result, so that the bank notes in effect swelled the amount of inconvertible paper. In 1878, therefore, the government was forced to make the trade dollar an unlimited legal tender, creating a bimetallic system which soon forced the country upon a silver basis.

The depreciation of the paper became so threatening that some change was seen to be necessary; and Count Matsukata, who became minister of finance in 1881, formulated a plan for a central imperial bank which should eventually replace the government paper and

national bank notes by its convertible issues. The bank, the Nippon Ginko, modelled upon the Bank of Belgium and the German Imperial Bank, was established in 1882. Measures were immediately taken to redeem gradually the outstanding paper and to build up a specie reserve, with such success that specie payment was resumed by January 1, 1886.

The continued and rapid depreciation of silver throughout the world was, however, causing severe business disturbances in Japan ; and in 1893 a coinage investigation commission was appointed, which reported in July, 1896. The commission were divided in opinion, except upon the point of the causes of the fluctuations in the price of silver and their general effect. As to the question of the favorable or unfavorable effect of these fluctuations upon the economic condition of Japan, the majority seem to have held that the effect was on the whole favorable. However, as to whether a change in the coinage system was called for, a majority of eight to seven was obtained by the minister of finance in favor of change, by extending the scope of the question so as to include the consideration of a possible future need for change. Count Matsukata relates :

Among those who advocated the necessity of making changes, six advocated the adoption of a gold standard, while two advocated a bimetallic system. Thus the majority of the commission were of opinion that there was a necessity of making changes in the present coinage system of the country, and the majority again of those who advocated the need of making changes were in favor of adopting a gold standard. It was thus clearly shown that the coinage reform and the adoption of a gold standard was the pressing necessity of the time.

For brilliancy of method in constructing favorable majorities this is commended to whom it may concern. The greatest difficulty in the way of carrying out this policy was the need of the accumulation of an adequate gold reserve. But this far-seeing finance minister had in the previous year arranged to have the Chinese War indemnity paid in London, partly for this very purpose ; and accordingly the transfer of the money to Japan was accomplished in a way to secure this end. The Coinage Law was enacted in March, 1897.

The gold *yen*, the new coinage unit, was made exactly one half the gold *yen* of 1871, bringing it near the bullion value of the old silver *yen*. The coinage of silver *yen* was discontinued, except from bullion previously bought, the highest silver coin authorized by this law being the 50 *sen* piece, or half *yen*. The new silver coins were

legal tender only to the limit of 10 *yen*, but the silver *yen* continued to possess unlimited legal-tender quality for five years, during which time they were to be exchanged for gold *yen*. The carrying out of the policy of the law was very cleverly managed. The law went into effect October 1, 1897. By April, 1898, 74,455,735 new gold *yen* had been coined from the Chinese indemnity gold for use as a redemption fund for silver. By July 31, 1898, 45,588,369 silver *yen* and 29,505,453 mint notes for silver bullion deposited had been exchanged for gold coin: in other words, the exchange had been practically completed. By the end of that year they had disposed of this silver coin and bullion amounting to over 75,000,000 *yen*. A small part, nearly seven million, was sent to Formosa; nearly forty-one million were sold in China; and over twenty-seven million *yen* were set apart for recoinage into subsidiary silver. The loss and expense on the whole transaction amounted to a little over five million *yen*, and this was more than covered by the seigniorage.

These facts are all set-out in the report with admirable clearness. If at times the reader becomes suspicious that statements are arranged in the best way to emphasize the advantageous side of Count Matsukata's policy and deeds, he yields to the easy reflection that the policy was statesmanlike and effective and the deeds well worthy of detailed record. The thoroughness with which the monetary, banking and financial experience of other countries have been studied by the Japanese government is evident throughout, in spite of slight errors here and there in the description of foreign systems. It is interesting to Americans to know that the original impulse to the coinage law of 1871 came from this country, and likewise interesting to see how the Japanese were unable to succeed with a system of national banks somewhat on the model of ours.

The various chapters are interspersed with fifty statistical tables illustrating every phase of the subject.

The author's discussion of the effects of the coinage reform upon the economic condition of Japan is valuable and suggestive. It naturally presents the most favorable view, but he is able to point to a more stable state of prices and to a more steady rate of foreign exchange. It remains true, however, that the policy of the government in this reform finds determined and intelligent criticism among the non-official classes in Japan.

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